

STATEMENT OF PURPOSE

RS19062

This legislation will eliminate the current ten percent (2.5 cents/gallon) tax exemption for biodiesel and gasohol.

FISCAL NOTE

Ethanol Exemption: Of the approximate 660 million gallons of gasoline taxed in Idaho annually, at least 25% of the total, or 165 million gallons, is gasohol. At a loss of 2.5 cents/gallon, this results in a loss in revenue of \$4.1 million a year. Eliminating the exemption will add \$4.1 million annually in tax revenue to the Highway Distribution Account (HDA). Recently, many Idaho distributors have begun to blend a majority of their product as gasohol. Consequently, in some areas of Idaho, the amount of fuel being blended as gasohol is estimated to be much higher than 25%. If 50% of the total 660 million gallons were ethanol, eliminating the exemption would add \$8.2 million annual revenue to the HDA. At 75% of the total, the amount of annual revenue would be \$12.3 million.

The effective date for the elimination of ten percent (2.5 cents/gallon) tax exemption will be June 1, 2009.

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